

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

November 14, 2013

VSEERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2015)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2014)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Richard Johannesen, Governor's Delegate (ex-officio)
James Reardon, Commissioner of Finance & Management (ex-officio)
Kate Duffy, Commissioner of Human Resources (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

Paul White, Jr., VSEA Representative (term expiring September 1, 2014)
Thomas Hango, VSEA Alternate (term expiring September 1, 2015)

Also attending:

John Booth, Director of Treasury Operations
Matt Considine, Director of Investments
Karl Kroner and Chip Sanville, Great West Retirement Services
Laurie Lanphear, Director of Retirement Operations
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Thursday, November 14, 2013, meeting to order at 9:10 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- **October 23, 2013 – regular meeting**
- **October 25, 2013 – special meeting**

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted unanimously to approve the minutes of October 23, 2013, regular meeting, as submitted.

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted to approve the minutes of October 25, 2013, special meeting, as submitted. Ms. Duffy and Mr. Reardon abstained from the vote. The motion carried.

Ms. Pearce thanked the Board members for their accommodating the member who requested the emergency withdrawal from the 457 Plan. Ms. Pearce indicated the member was very appreciative.

ITEM 2: **State of Vermont 457 Deferred Compensation Plan**

- **Quarterly review for period ending September 30, 2013**

Mr. Kroner appeared before the Board and provided the Quarterly Report for September 30, 2013 for the 457 Deferred Compensation Plan. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was an increase in the total assets of 5.2% from July 1, 2013 to September 30, 2013. There was a discussion concerning the number of participants. Mr. Johannesen inquired what percentage of active employees are participating. Mr. Sanville indicated he will work with Ms. Duffy to obtain that information for the Board. Ms. Duffy indicated he should discuss this with Harold Schwartz. There was a discussion about the average account value, contributions and the breakdown of assets by asset class. There was a discussion about the target date funds and the managed accounts. There was a discussion about the rebalancing of accounts. Ms. Pearce indicated Great West should prepare an article concerning the target date funds and rebalancing of accounts for the December newsletter.

There was a discussion about the stable value fund. There was a discussion about the Roth feature. There was a discussion about distributions. There was a discussion about webinars and the tools that are available on the website. Mr. Johannesen inquired whether Great West had any information relative to participants of Roth accounts on a national level. Mr. Kroner indicated if they had any information, he would provide it.

Mr. Sanville reviewed with the Board members the field activity for the quarter. Mr. Kroner briefly reviewed with the Board members the AAG (Advised Assets Group) fund performance for the quarter. Mr. Kroner indicated when AAG appears in February the fund performance will be explored further. There was a discussion about SRI funds and the self-brokerage account. There was a discussion about green funds.

Mr. Sanville appeared before the Board and provided the Quarterly Report for September 30, 2013 for the SDIA Plan. Mr. Sanville indicated the slow decline is continuing, which is expected. Mr. Sanville reviewed with the Board members the Key Talk and Internet statistics. There was a discussion concerning the difference in the interest rate for the SDIA account and the stable value fund. Mr. Sanville responded to the questions posed by the Board members.

(Mr. Kroner and Mr. Sanville left the meeting at this time.)

(A recess was taken from 10:25 to 10:40 a.m.)

ITEM 3: Discuss Delta Dental Contract Extension

Ms. Pearce reviewed with the Board members the reason for extending the contract with Delta Dental for another year. Ms. Pearce indicated they would need to obtain a waiver from Administration to extend the contract. Ms. Pearce reviewed with the Board members the adverse effect having a one-time open enrollment and annual open enrollments would have on the monthly premiums.

On motion by Mr. Reardon, seconded by Mr. Briggs, the Board voted unanimously to renew the contract for one year with Delta Dental at the current rates, and at a later date to revisit the one-time open enrollment or yearly open enrollment option.

The Board discussed the reasons for the difference in rates between active State members and retired State members for Delta Dental. Mr. Dumas explained the reasoning for requesting the open enrollment option.

ITEM 4: Discuss preliminary FY2015 budget request for VSERS that the Treasurer's Office prepares for Finance and Management

Mr. Booth appeared before the Board and reviewed the VSERS Fiscal Year 2015 Budget with the Board. Mr. Booth reviewed the methodology which is utilized to obtain the VSERS portion of the expenses. Mr. Booth answered all the questions posed by the Board members. Mr. Reardon indicated what information he needed to provide for the FY2015 budget. Mr. Reardon explained the true-up process and indicated he would provide his yearly budget review in the future for the Board members. Mr. Gaffney indicated that can be held at the February meeting.

Ms. Pearce provided the Board members a brief update on the VPAS project. Ms. Pearce indicated the VPAS project would be completed by the end of January.

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to approve the preliminary FY2015 budget and to authorize the Treasurer's Staff to make the necessary adjustments with the information provided by the Director of Finance & Management.

ITEM 5: Any other business to come before the Board

None.

ITEM 6: Adjournment

On motion by Mr. Dumas, seconded by Ms. Pearce, the Board unanimously voted to adjourn at 11:48 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on Thursday, December 12, 2013 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board